

Message Text

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TO AMEMBASSY LONDON IMMEDIATE

UNCLAS STATE 237599

FOR COUNSELOR SONNENFELDT AND ASST SECRETARY HARTMAN

FOLLOWING REPEAT STATE 237599 ACTION BELGRADE 29 OCTOBER.

QUOTE

UNCLAS STATE 237599

E.O. 11652: N/A

TAGS: APUB, YO

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO YUGOSLAVIA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$9 MILLION TO GENERAL EXPORT COMPANY (GENERAL-
EXPORT), OF BELGRADE. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE
IN WASHINGTON DC FOR AM PAPERS, FRIDAY, NOV 8, 1974.

QUOTE: EXIMBANK CREDIT OF \$9 MILLION SUPPORTS \$20 MILLION SALE
OF U.S. JET AIRCRAFT TO YUGOSLAVIA

TO HELP FINANCE A \$20 MILLION SALE OF TWO BOEING 727-200 JET
AIRCRAFT WITH RELATED GOODS AND SERVICES TO YUGOSLAVIA, THE BOARD
OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
AUTHORIZED A DIRECT CREDIT OF \$9 MILLION TO FINANCE 45 PERCENT
OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN
WILLIAM J. CASEY. A CREDIT OF \$9 MILLION FROM PRIVATE SOURCES NOT
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YET DESIGNATED WILL FINANCE ANOTHER 45 PERCENT OF THE U.S.

COSTS. THE OBLIGOR, GENERAL EXPORT COMPANY (GENERALEXPORT), OF BELGRADE, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$2 MILLION.

GENERAL EXPORT IS PURCHASING THE AIRCRAFT FROM THE BOEING COMPANY OF SEATTLE, WASHINGTON, ON BEHALF OF ITS WHOLLY-OWNED SUBSIDIARY AVIOGENEX, WHICH WILL USE THE AIRCRAFT PRIMARILY ON MEDIUM-RANGE CHARTERS THROUGHOUT EUROPE, AFRICA AND ASIA. DELIVERY WILL BE MADE IN APRIL AND DECEMBER 1975.

THE LOANS ARE TO BE REPAID IN TWO SCHEDULES OF 20 SEMIANNUAL INSTALLMENTS EACH BEGINNING OCTOBER 15, 1975, AND JUNE 15, 1976. EXIMBANK'S CREDIT OF \$9 MILLION WILL BE REPAID OUT OF THE LAST 10 INSTALLMENTS OF EACH SCHEDULE AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.35 PERCENT TO 9.6 PERCENT PER ANNUM. REPAYMENT OF ALL LOANS IS TO BE GUARANTEED BY BEOGRADSKA BANKA U BEOGRADU AND INVESTICIONA BANKA. UNQUOTE. INGERSOLL UNQUOTE INGERSOLL

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